GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:439
ANSWERED ON:17.04.2001
PRICE OF CHEMICAL FERTILISERS IN INTERNATIONAL MARKET
RAMJI LAL SUMAN;SUSHIL KUMAR INDORA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the prices of the chemical fertilizers in the international market is less than those produced in the country;

(b) if not, the average prices of all the chemical fertilizers in the international market as well as in the domestic market during 2000-2001;

(c) the reasons for this gap in the prices;

(d) whether the Government are providing subsidy even on the imported chemical fertilizers; and

(e) if so, the details in this regard ?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) to (e): A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 439 to be answered on 17.04.2001

(a to c): Out of the major chemical fertilizers used for agricultural production, Urea and Di- Ammonium Phosphate (DAP) are manufactured in the country while Muriate of Potash (MOP) is entirely imported as there are no commercially exploitable reserves of this fertilizer in the country. While the prices of these fertilizers in the international market are determined by many factors inter-alia source of imports, demand and supply position, in case of domestic fertilizers, the Maximum Retail Prices (MRPs) are fixed and periodically revised by the Government. A comparative position of the MRP of urea, DAP and MOP in the country vis- Ã -vis their delivered price from the international market during 2000-01 is as under:-

Product	Maximum Retail Price (Domestic price) Rs/PMT	+Average delivered price of Imported Fertilisers (Rs./MT)
UREA	4600	7382
DAP	8900	9853
MOP	4255	6722

Source: FMB
+ Average RBI exchange rate of 1US$ = Rs. 45.68

While the MRPsof urea and DAP in India are below the level of average deliveredprices, the cost of production/sales of these fertilizers has generally been higher in the country compared to imported urea and DAP respectively. This is mainly on account of higher cost of feedstock/raw material and intermediates in India. In the case of nitrogenous fertilizers, the fertilizer plants are mainly based on natural gas in the exporting countries where the cost of natural gas is around US$ 1 per million BTU or less as against delivered cost of US$ 2.33 to 2.39 for the plants based on land fall point and US$ 2.76 to 3.07 for the urea plants based onHBJ pipeline in India. The feedstock cost of the plants based on Naphtha and Fuel Oil is stillhigher. The delivered cost at the factory gate of Naphtha is US$ 7.68 to 9.16 and Fuel Oil US$5.59 to 6.31 per million BTU. With regard to phosphatic fertilizers, production of indigenous DAP suffers from the inherent disadvantage on account of lack of availability of rawmaterials/intermediates within the country and is ,therefore, dependant on their imports.

Consequently, not only is the cost of indigenous production higher than the price of DAP inthe international market but is also adversely affected by the depreciation of Rupee against the US Dollar.

(d) &(e): Yes Sir. The subsidy on imported urea is borne by the Government as the difference between the landed cost of imported urea and the MRP for this fertilizer . In case of decontrolled fertilizers, the uniform rates of concession are being announced on quarterly basis for imported DAP and MOP. The details of subsidy / concession for these fertilizers for 2000- 2001 are as under:-

(Rs./MT)

Imported Urea	-	Nil+
Imported DAP	-	1050 - 1550
Imported MOP	-	2900 - 3200

+ There was no import of urea on Government account during 20001-01.